

MONTANA LEGISLATIVE HISTORY

Chapter 334 19 75

Bill H _____ S 164

Original bill & history ☒ c

H. Committee on Business & Ind

Hearing Date(s) 3-10 ☒ c

_____ c

_____ c

_____ c

Date Out _____ c

S. Committee on Business & Ind.

Hearing Date(s) 1-29 ☒ c

_____ c

_____ c

_____ c

Did this bill originate in an interim committee? ☐ Yes ☐ No

Committee _____

Report _____

1 *Senate* BILL NO. *164*
2 INTRODUCED BY *Boylan Devere Manley Roberts*
3 *Alt Holstad Beer Michem Nealy See*
4 A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION 4-117,
5 R.C.M. 1947, TO REMOVE ARCHAIC LANGUAGE AND TO PROVIDE A
6 PERSON WHO PURCHASES LIQUOR IN CASE LOTS WITH A FIVE PERCENT
7 (5%) REDUCTION FROM THE RETAIL PRICE."
8

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Section 4-117, R.C.M. 1947, is amended to
11 read as follows:

12 "4-117. ~~No reduction~~ Reduction for quantity sales of
13 liquor. ~~No--reduction~~ Reduction of five percent (5%) of the
14 retail price of liquor sold at the state liquor store shall
15 be made by the Montana ~~liquor-control-board~~ department of
16 revenue liquor division for sales of liquor ~~in--quantity~~ to
17 any person purchasing liquor in case lots."

-End-

1975 Senate

COMMITTEE ON Business and Industry

BILL NO.	ENTERED COMM.	DATE CONSIDERED	OUT OF COMM.	DO PASS DATE	DO NOT PASS DATE	DO PASS AS AMEND. DATE	BE CON- CURRED IN DATE	BE CONC. IN AS AMENDED DATE	BE NOT CON- CURRED IN DATE
SB 1	1/6/75	1/13/75	1/22/75			1/22/75			
SB 7	1/6/75	1/17/75	1/2/75			1/29/75			
SB 69	1/22/75	1/29/75	1/29/75			1/29/75			
SB 98	1/11/75	1/24/74	1/24/74			NO RECOMMENDATION			
SB 108	1/11/75	1/27/75	2/3/75			2/3/75			
SB 109	1/11/75	1/27/75	2/14/75		2/14/75				
SB 117	1/18/75	2/3/75	2/14/75			2/14/75			
SB 142	1/21/75	2/10/75	2/14/75		2/14/75				
SB 150	1/21/75	1/31/75	2/3/75	2/3/75					
SB 151	1/21/75	2/17/75	2/24/75	2/24/75					
SB 164	1/22/75	1/29/75	1/29/75			1/29/75			
SB 215	1/24/75	2/5/75	2/3/75	2/3/75					
SB 234	1/27/75	2/19/75	2/24/75			2/24/75			
SB 35	1/27/75	2/19/75	2/24/75			2/24/75			
SB 238	1/27/75	2/19/75	2/24/75	2/24/75					
SB 258	1/27/75	2/7/75	2/12/75		2/12/75				
SB 284	1/27/75	2/7/75	2/14/75		2/14/75				

January 29, 1975

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MINUTES OF THE MEETING

BUSINESS AND INDUSTRY COMMITTEE

MONTANA STATE SENATE

The meeting of the Business and Industry Committee was called to order by Chairman Regan on the above date at 11:00 a.m. in Room 404 of the State Capitol Building. The meeting was called to discuss Senate Bill 164 an act entitled: "An Act Amending Section 4-117, R.C.M. 1947, To Remove Archaic Language and To Provide a Person Who Purchases Liquor in Case Lots With a Five Percent (5%) Reduction From the Retail Price." and Senate Bill 69 an act entitled: "An Act to Amend Section 16-2618 and 79-307, R.C.M. 1947, Relating to Security Requirements for the Deposit of Public Funds."

Senator Boylan, Chief Sponsor of Senate Bill 164 introduced the bill for discussion. He stated that the same type of bill was in last year but was lost by one vote. This is a bill to give a discount to liquor bought in case lots. It will cut into Revenue a little bit. He felt that it is good business to give people a break when they buy things in quantity. He then introduced Mr. Durkee, Montana Tavern Association to explain the bill.

Mr. Durkee passed out a statement to the Committee members on which states carry the discount plan now. (Attached) Mr. Durkee stated that Montana and Oregon are the only two states remaining who do not have a discount. He stated that if you buy a case of corn in the grocery stores they give you a discount. The total amount for licensing of taverns in Helena is 15 million dollars annually. This is for all types of licensing including city. He felt that a 5% discount will allow us to retrieve the license fee. The bill last year did have a fiscal note to the sum of \$800,000. If they get the five percent discount it will more than cut that fiscal note in half. Montana is not a hard drinking state. We rate about 25th or 26th in consumption. Malstrom Air Force Base has 9% discount plus a 4% discount. The 4% discount is for city and county. Malstrom said that they would fly their own liquor in if this discount was not allowed. Their only requirement was that liquor would not leave the reservations. We have proof that this is not so. Mr. Durkee stated that they are available for any amendments the Committee might present and they have presented the bill in its pure form. If the Committee desired to deny them a discount on the tax that goes to the city and county we are amiable to that. They want action.

Tom Winsor, Chamber of Commerce, stated that last year they supported the bill and requested that the bill do pass.

Curtis Lee, Yellowstone Tavern Association, stated that he would like to add to Mr. Durkee's statement by calling the Committee's attention to the fact that the liquor industry produced eighteen hundred thousand dollars and they helped produce a large percentage of that amount.

Chairman Regan asked the Department of Revenue if they had anything to add to the bill.

Bill Groff, Director of the Department of Revenue, stated that he was in support of the bill but felt one amendment should be suggested. The amendment was that it be sold in unbroken case lots only. He stated that over 39 million dollars went on liquor last year of which \$21,708,306.31 was purchased by the retail licensees.

Chairman Regan then concluded the testimony on Senate Bill 164 and opened the meeting for questions.

Senator Greely asked Mr. Groff what he meant by unbroken case lots.

Mr. Groff answered by saying that it would be a full case. They would not get a discount on any additional bottles they purchased that did not constitute a case. Also they would not get the discount on a mixed case of liquor.

Senator Towe asked Mr. Durkee if he felt that consumption would rise in percentage if the discount went through or if it would stay about the same.

Mr. Durkee felt that it would increase purchase of liquor in the state.

Roger Tippy, Researcher for the Committee asked Bill Groff if he felt that they should strike Liquor Division and insert Department of Revenue.

Bill Groff agreed.

Senator Regan then introduced Senator Galt, District 63, to present Senate Bill 69 dealing with securities. Senator Galt stated that this was in the law for many years but was taken out for none use. He felt that it will become more acceptable to use now. The 1973 law was amended to accept list. This time make list acceptable to all.

There being no opponents or proponents to the bill Chairman Regan opened the meeting for questions.

Senator Towe stated that he was impressed with the first part of the bill but was a little concerned with the last part. On page 10 all the items listed there relate to the obligations of the state. His main concern was with item 8 that they now propose to include bonds of a private company. The bank may obtain a security placed on a company. Would it be better to say bonds issued to a company?

Senator Galt stated that they didn't intend that.

Senator Towe felt that they should say a bond issued by the company.

Senator Galt felt that this would solve the problem.

Roger Tippy then passed out copies of the amendments to Senate Bill 7. Attached.

Senator Rosell questioned whether or not they could change the bill.

Senator Towe did not see any problem. He suggested that page 11, line 13 it state "age for mentally handicapped". He then moved that the changes set forth be adopted. On page 1, section 1, line 16 of Senate Bill 164, strike "liquor division. On line 17 following the word "liquor" insert "unbroken".

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Senator Hazelbaker moved that the amendments be adopted. All were in favor.

Senator Greely moved that line 14, the word shall be changed to "make". He felt that if the discount was costing too much money they would have the discretion to keep the discount or disperse with it. Motion failed.

Senator Towe asked if the individual would have the license to buy liquor at the discount price.

Senator Greely answered that 54% is bought by licensees but the bill says anyone can buy it.

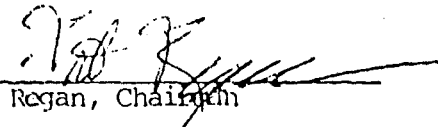
Chairman Regan stated that Mr. Groff said that anyone would be allowed to use the 5% discount.

Senator Rosell moved that the bill do pass as amended. All were in favor.

The Committee then returned to Senate Bill 69. Senator Towe moved that page 9, line 22, following the word "pledged" to insert "or guarantees may be issued" and page 11, line 8, strike "bonds of surety companies" and insert "undertaking or guarantees issued by a surety company". All were in favor.

Senator Towe then moved that the bill pass as amended. All were in favor.

There being no further business Chairman Regan adjourned the meeting at 12:15.


Pat Regan, Chairman

DISCOUNTS TO LICENSEES - CONTROL STATES

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Alabama	5%	
Idaho	5%	Broken or unbroken case lots
Iowa	10%	In quantities of \$100 and over
Maine	10%	
Michigan	15%	
MONTANA	None	(See note below re Malmstrom AFB)
New Hampshire	5%	Case purchases thru warehouse only
Ohio	12.5%	
Oregon	None	
Pennsylvania	16-2/3%	
Vermont	2%	Case lots at warehouse
Washington	15%	

Mississippi)	Monopoly on wholesale level only	
Wyoming)		

North Carolina)	No liquor by the drink licenses.	
Utah)		
Virginia)		
West Virginia)		

Of the 12 affected states only MONTANA and OREGON fail to allow a discount of some type to licensees.

However, in MONTANA a commission of 9% on net sales + 4% of remaining net sales after 9% deducted is allowed Malmstrom AFB in Great Falls. The state law forbids granting of discounts, yet the military gets this break while the licensees have been denied this special privilege. And this has been going on for 19 YEARS.

GROSS SALES OF ALCOHOLIC BEVERAGES

F/Y ending 6/30/74 (*)

\$39,728,406.00

PURCHASES BY LICENSEES.....

21,708,306.00 or 54.6%

(*) Figures supplied by Dept. of Revenue Accounting Division.

MONTANA



Tavern Association

(Affiliated and Associated with the NIBT and FOM (UBT))

STATE HEADQUARTERS / 9 EDWARDS / HELENA, MONTANA 59601

P.O. BOX 851 / PHONE 442-5040

INFORMATION FROM DEAN CARTER - January 28, 1975

There are currently 15 agency and commission stores.

"Agency" store - Is paid a flat 10% commission (same as "commission" store) only the employee is NOT hired by the state.

"Commission" Store - Same 10% commission but employee is hired by the state.

Commission or Agency stores are those selling \$25,000 or less.

C-4 Store = 25,000 to \$30,000
C-3 Store = \$30,000 - \$40,000
C-2 Store = \$40,000 - \$75,000
C-1 Store = \$75,000 - \$140,000

B Store = \$140,000 - \$450,000
A Store = Over \$450,000

& INDUSTRY

CONTROL (MONOPOLY) STATES / 5

Markup and Taxes		License or Permit for Out-State Manufacturer or Representative	Direct Sale and Shipment by Out-State Supplier to Officers Clubs and Messes on Ceded Federal Areas	Quantity May Import for Personal Use Without Liability for Tax or Permit	State
Total Markup & Taxes on Deliv Cost (31)	Markup Formula (32)	Taxes and Other Charges (33)			
73.75%	Delivered cost + 25% + 39% (3, 10% taxes and 4% sales tax). Bottle price adjusted to next highest 5c. 5% discount to licensees.	Three 10% taxes on sales by Board included in markup. * 4% general retail sales tax applies to on-sale and to retail sales by Board	\$15 annual permit from Board to sell to it. Annual license from Commissioner of Revenue to do business with ABC Board \$250 plus 3% prior year's sales to Board or current year's sales if no sales in prior year.	Yes Tax free	None ALA
71.0%	Del. cost + 45% convert to bottle amt. round to nearest 5c. add 25c for pts. per bottle; 25c for 4/5 pts. per bottle; 1/8 qts. add 30c per bottle; 1/2 gal. add 65c per bottle. Add 3% sur-tax; round to nearest 1/2c. add 17 1/2% sur-tax; round to nearest 1/2c. 5% disc. to licensees on broken or unbroken case lots.	3% general retail sales tax not applicable to state store sales. 1% tax on sales price by Dispensary for enforcement included in markup	All firms selling to Dispensary must have at least one licensed state representative (\$10 annual fee).	No	2 quarts IDA.
58.6%	Delivered cost + 64% + 3% retail sales tax. Bottle price adjusted to next highest "0".	3% general retail sales tax applicable to Commission retail sales and to on-sale licensees. 15% excise tax on on-sale collected by Commission at time of sale to licensees on Commission price.	\$50 Annually	Yes Tax free	1 quart US or 1 gallon for foreign country. IOWA
71.0%	Del. cost + 45% + 2% "discount" + 75% convert to bottle amt. round to next 1c. add fed. tax back, round to next 5c. add 10% round to next 1c. 10% discount to licensees, including 3c fed. tax in discount base.	5% general retail sales tax not applicable to sales by state stores	Concerns selling to Commission must register salesmen who must obtain license (\$10 annual fee) and file list of officers and directors.	Yes Tax-free	4 quarts ME.
65% off-prem, 64% on-prem	Delivered cost + 48% = retail price less special taxes. Bottle amount under 1/2 dropped, 1/2 or more increased to 1/2. 11 1/4% discount on retail price less taxes to specially designated distributors. 12 1/2% on-premise licensees.	On spirits over 22% Comm. collects on all sales to private licensees and on Comm. sales at retail 1% excise and 1% specific taxes on retail price. & on pkgt sales an addnl 1% specific tax. For state's Alcoholism program 4% general retail sales tax applies to all retail sales by Comm. and private licensees. Collected by State Treasury Dept	Representative must register with Commission to solicit orders or do promotional work (\$3-J yr.)	No Military purchases made through state stores at 22% discount except taxes.	1 quart. By adult reentering state from abroad after 48 hours - in possession amt. admitted U. S. duty free MICH

* Jefferson County (Birmingham) levies license tax of 25% of purchase price by licensees.

● As of 7-1-73 sur-tax is 12% with 2% earmarked for the alcohol safety action program fund.

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CONTROL (MONOPOLY) STATES / 9

Markup and Taxes			License or Permit for Out-State Manufacturer or Representative	Direct Sale and Shipment by Out-State Supplier to Officers Clubs and Messes on Ceded Federal Areas	Quantity May Import for Personal Use Without Liability for Tax or Permit	State
Total Markup & Taxes on Delivd Cost (31)	Markup Formula (32)	Taxes and Other Charges (33)				
33.9 (whol.)	Delivered cost + 17% + \$2.50 w.g. tax + 75¢ case (freight to state stores).	\$2.50 per wine gallon. 5% general retail sales tax paid on whol. purchase with credit on sales tax return of retailer.	Representatives must be registered with ABC Division	Yes Tax-free but vendor must re- mit wholesale markup to ABC Division.	None	MISS.*
68%	Delivered cost + 40% + 20% tax. Bottle price rounded to next highest 5¢. Certain minimum bottle prices. * For Scotch and Canadian, deduct \$6.50 p.g. fed. tax from delivered cost, and use 60% for 36%.	16% excise tax, and 4% special sales tax, on sales by Board	Distillery representatives not permitted	Nil	1 gal. in posses- sion	MONT
42.0%	F.O.B. shipping point + 42%. Scotch & rum use 39% for 42%, Canadian & gin (except Holland & alone) 40%, vodka 41%, domestic cordials 45%, and bottled cock- tails 43%. Bottle price raised to next highest 5¢ except \$1.05, \$2.05, etc. raised to \$1.10, \$2.10, plus 5% discount to licensees on case lots from warehouse.	None	Representative must register with Commission (\$25 annual fee)	Yes Tax-free	3 qts. in posses- sion	N.H.
35%	Delivered cost + 46%. Bottle amount 1.1¢ or more rounded to next 5¢. Bailment 69¢ a case.	12% on sales by county or municipal stores (in lieu of 3% general retail sales tax) 5¢ a bottle plus 5¢ each 3 1/3 oz. to finance rehabilitation centers. ♦	Annual permit required to solicit county boards. No fee. No promotional work permitted. Shippers must be on state board official list. All vendors "authorized to do business" in state must domes- ticate.	Yes Tax-free	1 gal. in posses- sion	N.C.

* The State Tax Commission exercises monopoly on sale of distilled spirits and wine at wholesale level.
Private licenses are issued for retail sale only. See also Mississippi under License states.
♦ Markup on all liquor either manufactured, distilled, rectified, bottled or produced in Montana 10%
less than the amt. of markup on products of out of state manufacturers, distillers, rectifiers or processors.

* Minimum bottle prices: spirit blends and straights—1/2 pt. \$1.30, 4/5 pt. \$2.10, pt. \$2.45, 5th \$3.85, qt.
\$4.55, 1 1/2 gal. \$9.00; gin and vodka 1/2 pt. \$1.20, 4/5 pt. \$1.90, pt. \$2.35, 5th \$3.55, qt. \$4.35, 1 1/2 gal. \$8.50.
♦ 5% as of 7-1-74.
♦ As of 8-1-74 local ABC boards get additional 3 1/2% on retail price.

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CONTROL (MONOPOLY) STATES / 13

Markup and Taxes			License or Permit for Out-State Manufacturer or Representative	Direct Sale and Shipment by Out-State Supplier to Officers Clubs and Messes on Ceded Federal Areas	Quantity May Import for Personal Use Without Liabili- ty for Tax or Permit	State
Total Markup & Taxes on Delivd Cost	Markup Formula (32)	Taxes and Other Charges (33)	(34)	(35)	(36)	
76.1%	Delivered cost + 35¢ case handling charge + 8¢ shipping cost, divide by 0.72, add 52.25¢ tax convert to bottle price, round to next 1¢, add 4% sales tax. 12 1/2% discount to retailers.	Tax on bottled cocktails, cordials, etc. not over 2 1/2%—sold by private licensees—80% per wine gallon. 4% general retail sales tax applies to retail sales by Department and by retail permittees.	Salesmen and agents must be registered with Department	Yes Tax-free	1 qt. (1 gal.-V.I., Guam, Am. Samoa) month in possession person 21 if resident or member U.S. Armed forces or if outside U.S. over 48 hours.	OHIO
91%	Delivered cost + 91% markup; adjust bottle price to next 5¢ on breakouts of 1¢ or more	None	Agents license required to sell or solicit commission (\$25 annual fee) No license or permit required for shipper.	No Such sales only by commission with standard markup.	1 qt. in possession	ORE.
85.4%	Delivered cost + 1% "discount" + 48% Convert to bottle price, adjust to next higher 1¢ add 18% tax, adjust to next higher 1¢; add 6% sales tax, adjust to next higher 1¢, 1¢ 2/3 discount to licensees, Minimum purchase \$15.	18% tax on sales by state stores. 6% general retail sales tax applies to both whal and retail sales by Board but not to on-sale	Sales permit to solicit Board reciprocal fee. Vendor permit (\$100 annual fee \$2,000 bond) to solicit special orders. Agent permit (\$20 annual fee \$500 bond)	Yes Tax-free	1 gal. in possession purchased personally in foreign country if admitted U.S. duty free.	PENN.
74.4%	Delivered cost + 55% + 12 1/2% (8% school lunch tax and 4 1/2% representing combined state and local 4 1/2% sales tax); round bottle price to next 5¢ (minimum prices on certain classes and types.)	8% school lunch tax. 4% general retail sales tax applies to sales by Commission. (Local government may increase to 4 1/2%)	Agents license required to solicit or sell to Commission. \$25 annual fee. No promotional activity permitted. Agents must be residents for not less than one year.	Yes Tax-free	None	UTAH
41%*	Delivered cost + 24% gross receipt tax + markup. Bottle price rounded to next high-est 5¢ +	\$5.60 per gallon 5% meal tax applies to on-sale. 3% sales tax not applicable to alcoholic beverages.	None	Yes Tax-free	2 gal. in possession	VT.

* While the Board does not disclose the amount added in addition to the tax, same is believed to be about 6%

CONTROL (MONOPOLY) STATES / 17

Markup and Taxes			License or Permit for Out-State Manufacturer	Direct Sale and Shipment by Out-State Supplier to Officers Clubs and	Quantity May Import for Personal Use	State
Total						

* While the Board does not disclose the amount added in addition to the tax, same is believed to be about 5%.

CONTROL (MONOPOLY) STATES / 17

Markup and Taxes			License or Permit for Out-State Manufacturer or Representative	Direct Sale and Shipment by Out-State Supplier to Officers Clubs and Messes on Ceded Federal Areas	Quantity May Import for Personal Use Without Liability for Tax or Permit	State
Total Markup & Taxes & Delivered Cost	Markup Formula	Taxes and Other Charges				
(31)	(32)	(33)	(34)	(35)	(36)	
56%	Delivered cost + 35¢ case whs. chg. + 35% markup, round bottle amount to next highest 5¢, add 14% tax, round bottle amt. to next highest 5¢.	14% tax on Board sales. General retail sales tax not applicable to sales by ABC Board. Mixed beverage tax of 50¢ qt.; 40¢ 4/5 qt.; 25¢ pt. and 5¢ 2 or more oz.; 10¢ bottle on wine over 14% vol.	Registration of agents and representatives required. No permit, no fee. No promotional work permitted.	Yes -- tax-free Board authorized to sell to military at discount	1 gal. in possession	VA
99.5%	Delivered cost + 45.9% board markup + 15% retail sales tax + 4¢ per fluid ounce tax.	4¢ per fluid oz. or fraction thereof tax on sales by Board. 15% tax on sales by Board (5% of which not applicable to sales to on-sale licensees). 4.5% genrl. st. retail sales tax and .5% local retl. sales tax app. to bd. sales of wine but not app. to bd. sales of spirits.	Registration required to sell to or solicit Board (\$25 annual fee). No promotional work with licensees permitted. No license or permit for outstate shipper.	No Sales made only by Board. No sales tax.	From without U.S. by adult in possession amount admitted U.S. duty free	WASH.
54.5%	Delivered cost + 2% "discount" minus \$6.50 p.g. federal tax + 20¢ case handling charge + 75% (80% on foreign bottled Canadian and Scotch) + Federal tax back. Bottled price raised to next 5¢, add 25¢ bottle + 3% sales tax.	3% general retail sales tax, municipalities may levy tax on state store sales equal to state sales tax. ●	License (issued only to full-time, salaried employees of mfrs.) required to sell, solicit or negotiate sale to commissioner (\$100 annual fee). No license or permit required for outstate shipper.	Yes Tax-free	1 gal. in possession	W.VA.
19.2% (Whol)	Delivered cost + 17¢ case handling charge minus \$6.50 p.g. federal tax + 17.6% + federal tax back + outgoing freight + 10¢ per pt. or fraction tax.	10¢ per pint or fraction thereof. 3% general retail sales tax.	Solicitor's license required to solicit retail licensees (\$10 annual fee). No license or permit required for out-state shipper.	Yes Tax-dun *	3 Quarts	WYO.*

* Wyoming Liquor Commission exercises monopoly on sales of distilled spirits and wine at wholesale only. Private licenses are issued for retail sale only. See also Wyoming under License states.
4 7-1-74 on purchases outside municipal limits 3% of purchase price (does not apply to private purchase).

* There is no statutory prohibition against direct sales to military installations by out-state shippers but the Liquor Commission advises that such sales are discouraged.

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ROLL CALL

Bus. & Ind. COMMITTEE

44th LEGISLATIVE SESSION 1975

Date 1-29-75

NAME	PRESENT	ABSENT	EXCUSED
John W. Devine, V.C.			
Donald R. Foster			
Mike Greely			
Thomas E. Towe			
Frank W. Hazelbaker			
Allen C. Kolstad			
Antoinette Fraser Rosell			
Pat Regan, Chairman			

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Support	Oppos

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STANDING COMMITTEE REPORT

.....January 30, 1975..... 19.....

MR.~~PRESIDENT~~.....

We, your committee onBusiness and Industry.....

having had under considerationSenate..... Bill No. 164.....

A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION 4-117, R.C.M. 1947, TO REMOVE
ARCHAIC LANGUAGE AND TO PROVIDE A PERSON WHO PURCHASES LIQUOR IN CASE LOTS WITH A
FIVE PERCENT (5%) REDUCTION FROM THE RETAIL PRICE."

Respectfully report as follows: ThatSenate..... Bill No. 164.....

Be amended in the introduced bill as follows:

1. Page 1, section 1, line 16.
Strike: "liquor division"
2. Page 1, section 1, line 17.
Following: "liquor in"
Insert: "unbroken"

~~DO PASS~~

AND SO SO AMENDED, DO PASS

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1975
house

BUSINESS AND INDUSTRY COMMITTEE

44 Legislature

Bill No.	Subject Matter	Date In	Sponsor	Hearing Date	Committee Action	Date Out
HB 625	To Provide For Adverse Economic Situations	2/6/75	Bradley	2/21/75	AS SO AMENDED DO PASS	2/21/75
HB 629	Montana Outdoor Recreation System	2/6/75	Fagg	to Natural Resources		2/7/75
SB 98	To Amend-Relating To Expenses of Benevolent Associations	2/6/75	Flynn	3/10/75	BE CONCURRED IN	3/10/75
SB 1	Recodification Alcoholic Beverage Laws	2/7/75	Turnage	3/5/75	AS SO AMENDED BE CONCURRED IN	3/17/75
SB 164	Liquor Bought in Case Lots 5% Reduction	2/8/75	Boylan	3/10/75	AS SO AMENDED BE CONCURRED IN	3/10/75
HB 662	To Permit Financial Institutions to Establish unmanned Satellite Facilities	2/8/75	Lockrem	2/19/75	SHELVED	3/10/75

Senator Flynn introduced James D. Ellen, who was representing the Missoula Benefit Society; he testified as a proponent. Mr. Ellen said that Senator Flynn covered everything pretty well, and that he would be glad to answer any questions the committee might have.

Rep. Kendall also testified as a proponent to this bill, and he said, hoped they could pass this bill.

Ronald D. Pratt, representing the Funeral Directors Association, testified briefly, saying that the other proponents' testimony regarding this bill about covered it all, but that he would be glad to answer any questions.

Further discussion followed regarding some of the testimony and the supervision of the benevolent societies from insurance departments.

SB 164...Senator Boylan, sponsor, explained the bill; he said it would affect some people, mostly the small bar owners, who really could use this added income, and said that the Department of Revenue was in favor of this bill also, as it would enable them to deal in case lots and would even save the state money in the long run. He said Montana and Oregon were the only two states who did not allow this five percent discount for case lots when purchasing liquor.

Senator Boylan introduced Marie Durkee, who was representing the Montana Tavern Association; Mrs. Durkee said they supported the bill, and she in turn introduced William Groff, from the Department of Revenue.

Mr. Groff testified as a proponent to SB 164, saying that the state would not lose very much money. He said the liquor industry was about the only industry that was not allowed to buy retail or sell at retail prices, and it was time we did. Mr. Groff said the Department of Revenue had no objection to this bill.

Mrs. Durkee introduced Harold Herndon, also from the Montana Tavern Association, who testified briefly, saying that he supported the bill wholeheartedly; he said he owned a bar and told of the profit made now and what a difference this bill would have in his business.

Tom Winsor, Montana Chamber of Commerce, testified as a proponent to this bill, and hoped the bill would pass.

Don Larson, also testified on behalf of the Montana Tavern Association, and said he thought everything had been said that was pertinent to the passage of this bill, and he hoped the committee would consider its passage.

Discussion followed regarding the percentage loss to the state, and the amount of money received from the Liquor Control. Mr. Groff said the liquor brought in about eighteen to nineteen million dollars to the State of Montana.

Page 3, March 10, 1975

It was determined that this loss would be about four to seven hundred thousand dollars to the State of Montana, but that the bar owners would buy more liquor and that would somewhat compensate.

There were no opponents to any of the bills and the committee members went into executive session to consider action on the bills.

The following action was taken:

SJR 15...Rep. Sloan moved that it BE CONCURRED IN, and this motion passed unanimously.

SB 69...Rep. Aageson moved that this bill BE CONCURRED IN, and this motion passed unanimously.

SB 98...Rep. Quilici moved that this bill BE CONCURRED IN, and this motion passed unanimously.

SB 164...Rep. Casey moved that it BE CONCURRED IN, AS SO AMENDED; but after some discussion followed with the amendments, Rep. Casey withdrew his motion. When it was finally determined that the amendments would not really change anything drastically, but was only clarifying the language, a motion was made by Rep. Quilici that SB 164 AS SO AMENDED, BE CONCURRED IN, and this motion passed unanimously. (a copy of the amendments is attached hereto)

Chairman Shelden appointed the following Representatives to carry the following bills on the floor:

Rep. Scully, to carry SB 164, and if Rep. Scully was unable to do so, then Rep. Quilici would do so.

Rep. Kendall was to carry SB 98, and Rep. Williams, SB 69; Chairman Shelden said he would carry SJR 15.

Rep. Casey moved the meeting be adjourned, and there being no further business, the meeting did adjourn.

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DISCOUNTS TO LICENSEES - CONTROL STATES

Alabama	5%	
Idaho	5%	Broken or unbroken case lots
Iowa	10%	In quantities of \$100 and over
Maine	10%	
Michigan	15%	
<u>MONTANA</u>	<u>None</u>	<u>(See note below re Malmstrom AFB)</u>
New Hampshire	5%	Case purchases thru warehouse only
Ohio	12.5%	
Oregon	None	
Pennsylvania	16-2/3%	
Vermont	2%	Case lots at warehouse
Washington	15%	

Mississippi)
Wyoming) Monopoly on wholesale level-only

North Carolina)
Utah) No liquor by the drink licenses.
Virginia)
West Virginia)

Of the 12 affected states only MONTANA and OREGON fail to allow a discount of some type to licensees.

However, in MONTANA a commission of 9% on net sales + 4% of remaining net sales after 9% deducted is allowed Malmstrom AFB in Great Falls. The state law forbids granting of discounts, yet the military gets this break while the licensees have been denied this special privilege. And this has been going on for 19 YEARS.

GROSS SALES OF ALCOHOLIC BEVERAGES
F/Y ending 6/30/74 (*)

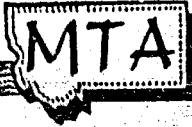
\$39,728,406.00

PURCHASES BY LICENSEES.....

21,708,306.00 or 54.64%

(*) Figures supplied by Dept. of Revenue Accounting Division.

MONTANA



Tavern Association

Affiliated and Associated with the NLBA and the IBA

STATE HEADQUARTERS / 9 EDWARDS / HELENA, MONTANA 59601

P.O. BOX 851 / PHONE 442-5040

INFORMATION FROM DEAN CARTER - January 28, 1975

There are currently 15 agency and commission stores.

"Agency" store - Is paid a flat 10% commission (same as "commission" store) only the employee is NOT hired by the state.

"Commission" Store - Same 10% commission but employee is hired by the state.

Commission or Agency stores are those selling \$25,000 or less.

C-4 Store = 25,000 to \$30,000
C-3 Store = \$30,000 - \$40,000
C-2 Store = \$40,000 - \$75,000
C-1 Store = \$75,000 - \$140,000

B Store = \$140,000 - \$450,000
A Store = Over \$450,000

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The following statistics are taken from THE ALCOHOL BEVERAGE INDUSTRY AND THE NATIONAL ECONOMY, 1973 Edition, issued by Licensed Beverage Industries, Division of Distilled Spirits Council of the United States, Inc., 485 Lexington Avenue, New York, N. Y. 10017:

M O N T A N A

January 1, 1919: State prohibition law went into effect.
 January 16, 1920: National Prohibition (18th Amendment) went into effect.
 April 7, 1933: Sale of 3.2 beer legalized in Montana
 December 5, 1933: Repeal amendment, ratified by 36 states, became law.
 December, 1933: Legal liquor sales began in Montana.

1. Established in the depths of the Depression, the state's alcohol beverage industry made important contributions to the state economy even during its first years of operation. The total of all producing, wholesaling and retailing establishments numbers 2,483, based on the most recent data available at the time of tabulation.

	1935 (Census)	1971 (Est. from latest Bus. Census)
Employment	2,510	9,016
Payroll and Earnings	\$ 3,059,000.00	\$44,170,000.00

2. The money earned and spent by the people in the alcohol beverage industry for the things they need creates important business and personal income for other residents of the state. Last year these expenditures came to over \$34,727,000.

Food and related products.....	\$ 7,796,000
Clothing and accessories, incl. dry cleaning & laundering...	3,521,000
Personal care, incl. toiletry articles, barbers, beauty shops	559,000
Housing, incl. rental value of owner & tenant occupied dwellings	5,220,000
Utilities, incl. heating, telephone & telegraph.....	1,951,000
Home furnishings, appliances & supplies.....	2,714,000
Domestic services.....	261,000
Medical & dental care, incl. drugs & hospitalization.....	2,705,000
Personal business, incl. life insurance, bank & legal svcs..	1,955,000
Public transportation, autos, accessories, gas & repairs....	4,744,000
Recreation, incl. periodicals & amusements	2,238,000
Private education and research.....	584,000
Religious and welfare activities.....	479,000

3. Equally important, the alcohol beverage industry has become a major source of state and local monies.

Even in 1935, state and local revenues from alcohol beverages came to.....\$ 1,800,000
 In 1970 these tax monies totalled..... 12,317,000
 In 1971 these tax monies totalled..... 13,369,000
 Since repeal (from 1934 thru the end of the 1971 fiscal year) these collections totalled..... 234,085,000

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Page 2 - MONTANA'S ECONOMIC IMPACT FROM THE ALCOHOL BEVERAGE INDUSTRY

	<u>STATE REVENUE</u>	<u>LOCAL REVENUE</u>	<u>TOTAL</u>
<u>ALL ALCOHOL BEVERAGES</u>			
1935	1,600,000	200,000	1,800,000
1970	11,087,399	1,229,658	12,317,057
1971	12,056,128	1,313,289	13,369,417
Since Repeal	215,279,202	18,805,651	234,084,853

DISTILLED SPIRITS ONLY

1970	8,670,023	454,973	9,124,996
1971	9,220,375	485,917	9,706,292
Since Repeal	169,460,347	11,361,697	180,822,044

4. This money has paid for services which have benefited every single resident of the state.

The \$215,279,202 in state alcohol beverage revenues has gone to the general fund to help defray the expense of state services.

The \$ 18,805,651 in local government revenues has been used to help defray the costs of such local government services as schools, fire and police protection, sanitation and the like.

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AMENDMENT TO SENATE BILL 164
To Coordinate the Bill with SB 1

- 18
16
34
1. Amend page 1, section 1, line 16.
Strike: "Montana" following the
 2. Amend page 1, section 1, line 16.
Following: "department"
Strike: "of revenue"
 3. Amend page 1, following section 1, following line 18.
Insert: "Section 2. If a bill to recodify and generally
revise the alcoholic beverage control laws is
enacted by the 44th legislature, Section 4-117,
as amended in section 1 of this act is renumbered
in accordance with the other act."

This amendment makes SB 164 compatible with the language in SB 1 so it can be considered separately on its merits without conflict. It might be an acceptable alternative to amending SB 1.

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NAME

Bill Groff

S,

Bill No.

164

ADDRESS

Dept of Revenue

Date

3/10/75

WHOM DO YOU REPRESENT?

Dept of Revenue

SUPPORT

X

OPPOSE

AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

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NAME Maria E. Turke

Bill No. AB 164

ADDRESS Helena

Date 3/10/75

WHOM DO YOU REPRESENT? Mont. Tavern Assoc.

SUPPORT ☒ OPPOSE ☐ AMEND ☐

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

BEST COPY.
AVAILABLE

NAME Harold Heardon

Bill No. SB 164

ADDRESS Milton, Mont.

Date 3-10-75

WHOM DO YOU REPRESENT? M. T. A.

SUPPORT ☒ OPPOSE ☐ AMEND ☐

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

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NAME

Tom Wilson

Bill No.

^{SB}
161

ADDRESS

110 Neill Ave

Date

3/10/75

WHOM DO YOU REPRESENT?

Mountain Chamber

SUPPORT

☒

OPPOSE

AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

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NAME D. W. Larson

Bill No. 164

ADDRESS 1801 9th Ave.

Date 3/1/19

WHOM DO YOU REPRESENT? Montrose Town Assoc

SUPPORT ☒ OPPOSE ☐ AMEND ☐

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

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HOUSE OF REPRESENTATIVES

March 10, 1975

HOUSE COMMITTEE ON BUSINESS & INDUSTRY AMENDMENT TO SENATE BILL 164

1. Amend page 1, section 1, line 16.
Following: "the"
Strike: "Montana"
2. Amend page 1, section 1, line 16.
Following: "department"
Strike: "of revenue"
3. Amend page 1, following line 18.
Insert: a new section 2 as follows.

"Section 2. Conditions to renumbering. If a bill to recodify and generally revise the alcoholic beverage control laws is enacted by the 44 legislature, section 4-117 as amended in section 1 of this act is renumbered in accordance with the other act."

March 18, 1975

HOUSE OF REPRESENTATIVES

Committee of the Whole Amendment to SENATE BILL NO. 164,
third reading copy as follows:

1. Amend page 1, section 1, line 18.

Following: "lots."

Insert: "No other reduction shall be made by the
department of revenue for quantity sales
of liquor."

1 SENATE BILL NO. 164

2 INTRODUCED BY BOYLAN, DEVINE, MANLEY,

3 ROBERTS, GALT, KOLSTAD, ABER, MEHRENS, HEALY, LEE

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION 4-117,
6 R.C.M. 1947, TO REMOVE ARCHAIC LANGUAGE AND TO PROVIDE A
7 PERSON WHO PURCHASES LIQUOR IN CASE LOTS WITH A FIVE PERCENT
8 (5%) REDUCTION FROM THE RETAIL PRICE."

9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Section 4-117, R.C.M. 1947, is amended to
12 read as follows:

13 "4-117. ~~No reduction~~ Reduction for quantity sales of
14 liquor. ~~No--reduction~~ Reduction of five percent (5%) of the
15 retail price of liquor sold at the state liquor store shall
16 be made by the Montana liquor-control-board department of
17 revenue liquor-division for sales of liquor ~~in--quantity to~~
18 any person purchasing liquor in UNBROKEN case lots. NO
19 OTHER REDUCTION SHALL BE MADE BY THE DEPARTMENT OF REVENUE
20 FOR QUANTITY SALES OF LIQUOR."

21 SECTION 2. CONDITIONS TO RENUMBERING. IF A BILL TO
22 RECODIFY AND GENERALLY REVISE THE ALCOHOLIC BEVERAGE CONTROL
23 LAWS IS ENACTED BY THE FORTY-FOURTH LEGISLATURE, SECTION
24 4-117 AS AMENDED IN SECTION 1 OF THIS ACT IS RENUMBERED IN
25 ACCORDANCE WITH THE OTHER ACT.

-End-

REFERENCE BILL